

Message Text

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R 261421Z MAR 74

FM SECSTATE WASHDC

TO AMEMBASSY PANAMA

AMEMBASSY QUITO

C O N F I D E N T I A L STATE 053281

FOLLOWING SENT ACTION TEGUCIGALPA, SAN JOSE, MANAGUA INFO BOGOTA, GUAYAQUIL, BRASILIA, GUATEMALA, SAN SALVADOR FROM SECSTATE MAR 16 REPEATED YOU:

QUOTE

C O N F I D E N T I A L STATE 053281

E.O. 11652: GDS

TAGS: ETRD CS HO NV

SUBJECT: BANANAS

REF: TEGUCIGALPA 1084

1. COSA RICA AMBASSADOR LOPEZ CALLED ON DEPUTY ASSISTANT SECRETARY BOWDLER AFTERNOON MARCH 15 TO PASS ON REPORT HE HAD JUST RECEIVED FROM COSTA RICAN PRESIDENT FIGUERES IN TEGUCIGALPA. FIGUERES WAS VERY ANNOYED AT POSITION TAKEN BY STANDARD VICE PRESIDENT CHARLES WAITE DURING RECENT TALKS ON BANANA EXPORT TAX HELD THERE. ACCORDING TO FIGUERES, UNLIKE UNITED AND DEL MONTE WHICH WERE WILLING TO NEGOTIATE WITH BANANA PRODUCERS, STANDARD TOOK HARD LINE AND THREATENED TO STOP CUTTING IF EXPORT TAX IMPOSED. FIGUERES TOLD LOPEZ HEATEDLY THAT WAITE'S ATTITUDE WAS AN INSULT TO SOVEREIGNTY OF PRODUCING COUNTRIES. FURTHER, CONFIDENTIAL

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SHELTON-PEZZUELLO TELCON INDICATED THAT SOMOZA BELIEVED

THAT WAITE'S "PRECIPITOUS DEPARTURE" MORNING OF MARCH 15 FURTHER ANNOYED PRODUCERS. FIGUERES TOLD AMB. LOPEZ THAT (FIGUERES) AND GENERALS LOPEZ AND TORRIJOS WERE SO UPSET THAT THEY HAD DISCUSSED POSSIBLE EXPROPRIATORY ACTION AGAINST STANDARD.

2. LOPEZ REPORTED THAT FIGUERES WAS IN A HIGHLY AGITATED STATE. HE (LOPEZ) HAD SUGGESTED TO FIGUERES THAT THE STATE DEPARTMENT SHOULD BE INFORMED. FIGUERES AGREED.

3. BURROWS (STANDARD'S WASHINGTON REPRESENTATIVE) INFORMED BY DEPT OFF OF LOPEZ REPRESENTATION. BURROWS REPORTED BACK MORNING OF MARCH 16 AFTER TALKING TO WAITE EVENING MARCH 15. BURROW'S REPORTING FOLLOWS AS TOLD TO HIM BY WAITE:

A) UPON ARRIVAL IN TEGUCIGALPA AFTER 26 HOUR FLIGHT FROM MADAGASCAR, WAITE ALONG WITH REPS OF UNITED AND DEL MONTE, WAS RECEIVED BY HONDURAN CHIEF OF STATE LOPEZ WHO INFORMED THEM THAT PRODUCING NATIONS HAD DECIDED TO IMPOSE EXPORT TAX OF \$1.00 PER 40 POUND BOX ON CENTRAL AMERICA AND PANAMA PRODUCTION AND 40 CENTS PER BOX ON THAT FROM ECUADOR. GEN. LOPEZ THEN ASKED FRUIT COMPANY REPS TO "WORK OUT THE DETAILS WITH OUR TECHNICAL STAFF (I.E. MINISTERS.)"

IN SUBSEQUENT MEETING WITH MINISTERS, COSTA RICAN DELEGATE MARIO ESQUIVEL WAS PRINCIPAL SPOKESMAN. REACTION OF UNITED (JOHNSON) WAS THAT UNITED HAD BEEN IN BUSINESS FOR LONG TIME AND WOULD COLLABORATE. DEL MONTE FOLLOWED SAME LINE. WAITE SAID HE ALSO WAS WILLING TO NEGOTIATE BUT TAXES PROPOSED BY PRODUCING COUNTRIES WOULD DEPRESS DEMAND AND HAVE SERIOUS EFFECTS UPON STANDARD'S OPERATION. HE SAID FURTHER THAT HE WOULD APPEAL THE VIOLATION OF CONCESSION AGREEMENTS IN HONDURAN COURTS AND THAT, SHOULD SUPREME COURT IN HONDURAS UPHOLD THE GOH, STANDARD MIGHT HAVE NO RECOURSE BUT TO CLOSE DOWN THE OPERATIONS.

B) FOLLOWING MEETING, HONDURAS MINECON BENNATON ASKED CONFIDENTIAL

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TO MEET WAITE PRIVATELY. THEY MET MORNING MARCH 15. BENNATON, ACCORDING TO WAITE, SHOWED GREATER FLEXIBILITY AND EXPRESSED CONCERN ABOUT POSSIBLE IMPACT ON LOCAL LABOR SITUATION. WAITE REPORTEDLY TOLD BENNATON HE MIGHT BE ABLE TO LEND SOME ASSISTANCE ON PETROLEUM ISSUE.

C) WAITE ALSO TALKED TO GENERAL SOMOZA AND AGREED TO FLY TO MANAGUA NEXT WEEK TO CONFER. IN LIGHT OF

RECENT DEVELOPMENT HE WILL ALSO STOP IN TEGUCIGALPA

AND SAN JOSE TO CONFER WITH GOVERNMENT OFFICIALS. WAITE LEFT TEGUCIGALPA AS SCHEDULED AT 9 A.M. AFTER MEETING WITH BENNATON. EN ROUTE TO GUATEMALA HE RECEIVED MESSAGE FROM FIGUERES. HE CALLED MAYA HOTEL (TEGUCIGALPA) FROM AIRPORT IN GUATEMALA BUT FAILED TO REACH FIGUERES. HE LEFT MESSAGE WITH PRIVATE SECRETARY THAT HE WOULD CALL FIGUERES AFTER ARRIVAL IN SAN FRANCISCO. CALL PLACED EVENING MARCH 15. FIGUERES INFORMED OF WAITE'S PLANS TO VISIT SAN JOSE NEXT WEEK. REPORTEDLY FIGUERES CONVINCED BY WAITE THAT HE (WAITE) HAD NOT MEANT TO OFFEND ANYONE AND HAD LEFT TEGUCIGALPA AS SCHEDULED.

4. IN LATER CALL TO BURROWS, AMB. LOPEZ SAID FIGUERES UPON ARRIVAL IN SAN JOSE, HAD ANNOUNCED IMPOSITION OF EXPORT TAX DESPITE OPPOSITION BY STANDARD.

5. BURROWS INFORMED DEPT THAT WAITE AND STANDARD PRESIDENT KIRCHHOFF WILL CONFER WITH OFFICIALS, IN SAN JOSE, MANAGUA AND TEGUCIGALPA MARCH 20, 21, 22.

6. COMMENT: GIVEN FACT THAT STANDARD IS IN CLOSE CONTACT WITH PRODUCERS AND WAITE IS PLANNING FURTHER CONSULTATIONS NEXT WEEK, WE SEE OUR ROLE AS ONE OF KEEPING DIALOGUE GOING. WE SHOULD AVOID BEING DRAWN INTO SUBSTANCE OF ONGOING NEGOTIATIONS BETWEEN PRIVATE US COMPAN AND GOVERNMENTS BUT WHERE APPROPRIATE WE SHOULD ASSIST PARTIES IN CONTINUING DIRECT TALKS. THIS IS STANCE WE TOOK WITH LOPEZ. KISSINGER

UNQUOTE RUSH

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